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Contradictions Of Capitalist Development In Pakistan

by

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A fact of primary importance in understanding the present political crisis in Pakistan is that in the years leading up to the crisis Pakistan experienced a period of economic success unusual in the underdeveloped countries. The first signs of this success became clear in 1965 when Pakistan completed the Second Five Year Plan on schedule, overfulfilling targets in many areas. When the growth continued through the next few years "Western observers" began to herald Pakistan as a success story for capitalist development.

The growth was real. Gross national product increased by over 60% from 1959/60 to 1968/69. Even with rapid population growth, average per capita income increased by almost 30%. Those who felt the decade was a sign of new hope for Pakistan could point to what seemed to be several favorable aspects of the growth: rapid expansion of the industrial sector, some important successes in agriculture, some growth in the East, rapidly expanding exports, and an increased savings rate.

In late 1968, however, things began to fall apart. Today (June 1970) the country awaits the general elections which have been promised for the fall, and the economy sits in an uneasy state.

One must begin to analyze the crisis by accepting the fact that it did not grow out of some economic failure in the sense of a failure of the economy to grow. There was no failure of investment, no decline in exports, no difficulties in labor supply. This is not to say, however, that the crisis did not have its roots in the economy. It is the thesis of this essay that the crisis grew out of the organization of the economy which led to the economic growth of the 1960's, and in that sense, the growth and the crisis are intricately bound up with one another.

The process of capitalist development — and Pakistan is an archtypical case of capitalist development — necessarily generates a social structure and distribution of economic benefits that are extremely unequal. The very success of the capitalist process depends upon this inequality. Nonetheless, the inequality can lead and often does lead to social and political turmoil which ultimately inhibits the economic growth. This seems to me to be a fundamental contradiction in the capitalist growth process.

II

The social structure of Pakistan today has its genesis in the peculiar history of Pakistan's origin as a nation. Pakistan was created from the economic backwashes of British India. Nonetheless, the areas which are now Pakistan were connected by important economic ties to other areas of India and to the world capitalist economy. East Bengal — now East Pakistan — produced jute which was sent for processing either to the mills of Calcutta or to Britain. The areas which became West Pakistan were important suppliers of cotton to mills in India and abroad, and they also exported wheat to urban centers.

The creation of Pakistan as an independent political unit broke these economic ties. Furthermore, the creation of the new nation eliminated the major portion of the class which had been associated with commerce and, however small, industry. The simultaneous breakup of existing commercial patterns and the removal of the class which had previously dominated the

capitalist sector created a power vacuum in the Pakistani economy.

The vacuum was rapidly filled by a new class of Muslim industrial and commercial capitalists. It is this class which has continually grown in power and influence during the succeeding twenty years. Their power was initially based on production of cotton and jute textiles, but they have rapidly expanded to other sectors of industry. From the outset their activities were favored by the state.

Indeed, it is in terms of its relation to the state that a new class asserts to dominance. The new class of Pakistani capitalists was new not only in that its members had changed their class position. The class was new as a class. Regardless of how many of them had been capitalists prior to Pakistan's creation, they had not constituted a cohesive group with a common set of interests working in consort to shape their society. In so far as they had been capitalists before, they had been submerged in a milieu dominated by Hindu capitalists and British imperialists. It was only with the formation of Pakistan that they were able to emerge as a distinct class and to begin to develop a relationship with the new state.

During the 1950's, however, the new class was neither able to solidify a position of dominance nor able to form a working coalition with other elites — the agricultural elite of West Pakistan, the military, the Civil Service — in the society. The political instability which characterized the period prevented, quite naturally, the full development of the economic potential of the new class. Growth in the industrial sector notwithstanding, the economy stagnated.

The significance of Ayub Khan's rise to power may be seen in the political stability which ensued. Ayub was able to impose a coalition among the various contending elites. Within the coalition it then became possible for the capitalist group to continue its operations and ascendency.

III

The success of Pakistan's capitalists in the early 1960's is reflected in the aggregate growth of the economy. Conditions were favorable and the actions of the government made them more favorable. High profit rates and open possibilities for high rates of consumption provided the necessary incentives: Pakistan's capitalists continued to play their role.

The operation of such a system necessarily leads to great inequalities. The fruits of progress are directed into the hands of a small elite which has the function of investing and directing the operation of the economy. There is really little alternative without an entire alteration of the system, for there is no other group which would perform this function and without sufficient reward the capitalists themselves would not perform. Thus, most of the rest of society is condemned to remain in poverty. Even without great reward, they will continue to perform their labor, for they have no choice.

During this process of growth, it is probably not crucial precisely what happens to income distribution. The important point seems to be that while the economy as a whole is growing, while the wealth of the few is becoming more and more visible

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and while the masses are brought into close contact with the modern sector, the position of the masses does not appreciably change. Under such circumstances the resentment and tension which develops should be obvious. In Pakistan the differences between rural and urban areas and especially between regions are ways in which the class inequalities find political expression.

While the inequalities generated by Pakistan's growth process are of fundamental importance, there are other weaknesses which also have their source in the basic organization of the economy. Examples include the heavy dependence on foreign capital, the continued reliance upon primary products for foreign exchange earnings, and the continuing difficulties in agriculture. Each of these problems is endemic to a system which relies on class privilege.

The inequalities inherent in the process of capitalist development are a basis for political turmoil and thus constitute a threat to the continued expansion of the system. The actual manner in which the political disruption may be set off can vary. In Pakistan the immediate catalyst which precipitated the crisis was most likely the failure of the political system. Corruption had become so blatant that more and more segments of society began to view themselves as on the outside; and when opposition to the regime became overt, masses joined in. Nonetheless, the more basic issue in the conflict was economic, i.e., the inequality, and any number of events could have sparked the crisis. (In roughly similar circumstances a crisis in Brazil was set off by a foreign exchange deficiency which put even more than the usual economic pressure on the masses.) Both political and economic disturbances are continually generated by capitalism, and, in the context of the inherent inequalities, any one can set off riots or rebellion.

IV

Perhaps the best way to illustrate and summarize the connection between capitalist growth and inequality is with reference to the new agricultural developments in Pakistan. During the past few years there has been much talk about the progress in agriculture being brought about by the introduction of new varieties of rice and wheat. The program is Pakistan's part of the international so-called "green revolution". In West Pakistan the program already is beginning to appear successful in terms of expansion of wheat and rice output. The Problem arises, of course, over who will reap the benefits of the increased food grains surplus. Given the land tenure system, it would seem that the chief beneficiaries of the program will be landowners, especially large ones. Furthermore, as more and more agriculture enters the market economy, there is likely to be a consolidation of land holdings. Thus, these processes will lead to greater and greater inequalities within agriculture. Regardless, however, of whether or not inequalities actually increase, the poor peasants and agricultural workers will see a large increase in output which they are not receiving. In India such a situation has already led to bloody battles between agricultural workers and the landlord's hired "armies". Press coverage is so restricted in Pakistan that we cannot be sure what has happened there, but it would seem clear that the same problem exists.

These developments in agriculture not only exemplify the general problem of capitalist development in Pakistan, but may be an important source for altering the entire society. Peasants are often viewed as a conservative social force, but whether or not this is true in general, the new developments in Pakistan may make the situation very different there. With the introduction of capitalist farming to a traditional agricultural sector, the peasants are squeezed and transformed in such a way as to make them a potentially revolutionary class.

If and when the Pakistani peasants begin to move, they will not be alone. The unemployed and marginally employed urban masses, who are still close to their rural origins, as well as the relatively small class of industrial laborers, feel the pinch of capitalist development. Nonetheless, there is nothing inevitable about this action — neither its development nor its success is assured. Organization is necessary.

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constitution, it at least allows them and gets along quite well with them; while still others — the so-called contemporary Islamists in Pakistan — content that Islam is neither, but has inherently its own solutions to economic problems. The only trouble with this last group is that they are unable not only to spell out those solutions but are unable even to indicate their guide-lines whereby these solutions may be reached, and in practice they appear to be siding with the capitalists and big business.

Now, I submit that in a sense these contentions are correct and yet all of them are also false. Which of them is true will depend upon the situation we are faced with and how to tackle it. So far as the Prophet is concerned, his goal was to secure such measure of socio-economic justice as the limited wants of his society required. For the rest, he left businessmen and land-owners to themselves and encouraged them in their pursuits. When we come a little later to the legal formulations, we find contradictory stands, e.g. on the subject of feudalism, each of them supporting itself by a hadith from the Prophet. We are told, on the one hand, that the Prophet forbade the practice of being a sleeping land-lord and living on the sweat of the tiller's labour; on the other hand, that he allowed it. The former set of traditions abound, for example, in the work of Malik, an early Hejazi jurist, while the latter view was adopted by the Iraqi school of Abu Hanifa. Circumstantial evidence would show that the Prophet said neither of these things. For one thing, on an important matter of social policy, it is inconceivable either that the Prophet should have said contradictory things or that, if he had laid down one policy, it could have been contradicted by someone else. For another, there were no feudal landlords in the Hejaz for there was no land there to permit feudalism.

This question, therefore, came to the fore at a time when the Arab Muslims conquered vast lands in Iraq and Egypt and actually became landlords. This process was opposed by those who wanted to hold fast to the pristine ethical standards of Islam; but the opposition was successfully countered by others, notably the Hanafi school in Iraq. This development was made possible by the pressure of the older Persian feudalistic practices combined with the fact that these practices could be accommodated in Islam since they did not appear to deny to the common man the requisite minimal standards. People did not starve, could have homes and, in fact, anybody who wished could get the available education. We, therefore, see that feudalism was, in a sense, a function of medieval Islam, but combined with the situational factors. Nevertheless, it is also apparent that there was a shift from the pristine practices of Islam where, according to credible reports, for example, a land-owner who did not cultivate his land without justifiable reason had to forfeit his land.

But very different is the case now. Not only have the standards of living vastly deteriorated because of population pressures, wants and expectations have also immensely increased. It is this radically changed situation that sets the terms of social justice today. It is, therefore, not inconceivable that, when other alternatives seem closed, the extreme left may not only take over but may take over with a double self-righteousness — restoring the rights of people and restoring them in the name of Islam. It would certainly not be the solution of the Prophet and the Qur'an. But nor was medieval feudalism. The way of Muhammad and the Qur'an would be to bring about a social revolution on a moral basis — to create common welfare by common endeavour for sharing fruits equitably.

This is a difficult task but by no means an impossible one. A genuine sense of social purpose and commitment can be created by a sincere and earnest change in the attitudes and orientation of all concerned — the industrialist, the trader, the government personnel, the teacher, the ulama and the worker. Basic principles and social objectives should be elicited from the Qur'an and an integrated social reconstruction program formulated. The equitable sharing of austerities and sacrifices must be undertaken and must appear to be undertaken. Differences in man's abilities and skills and their just requital is patently recognized by Islam but what Islam refuses to recognize is an unjust and inhuman disparity. The ulama, the Islamic leadership, must be restrained and their system of education brought in line with the general education and the requirements of the day.

But although this task is not impossible, it may alarmingly become so because time is an inevitable dimension in its achievement. Because of the time factor, difficult things do become impossible i.e. the passage of time ruthlessly eliminates alternatives. This task was much more possible and less difficult in 1947 than it is today. Tomorrow it may no longer remain possible.